

Message Text

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ACTION EB-07

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TAGS: EAIR, UK

SUBJECT: CIVAIR: US-UK USER CHARGE CONSULTATIONS

1. USDEL HELD ONE DAY OF TALKS WITH UKDEL ON SEPT. 13 ON UK USER CHARGE ISSUE. IN LIGHT UK CHANGES PLANNED FOR APRIL 1, 1977 (CONTAINED IN BAA'S AUGUST 25 LETTER TO IATA), USDEL FIRST ASKED FOR EXPLANATION CHANGES. MAIN CHANGES ARE DECREASED EMPHASIS ON WEIGHT/STAGE LENGTH ELEMENT OF LANDING FEE AND GREATER EMPHASIS ON PASSENGER CHARGE, COUPLED WITH INCLUSION OF TERMINAL NAVIGATION CHARGE IN LANDING FEES. BAA AND CAA REPS ASSERTED THAT OBJECTIVE WAS TO EQUATE CHARGES TO COST OF FACILITIES, BUT THEY ADMITTED AND DEFENDED THAT CHARGES ON PARTICULAR CLASSES OF USERS WERE ALSO BASED ON ABILITY TO PAY AND ON PROVIDING DISINCENTIVES TO USE PEAK HOURS.

2. USDEL TOOK POSITION THAT CHARGES SHOULD BE APPORTIONED AMONG USERS IN SUCH WAY THAT EACH CLASS OF USERS BORE HIS FAIR SHARE OF COSTS ATTRIBUTABLE TO HIM AND THAT ABILITY TO PAY AND PUNITIVE (DISINCENTIVE) APPROACHES WERE IN-APPROPRIATE FOR USER CHARGES. SPECIFICALLY, WE SAID THAT STAGE LENGTH WAS NOT A FACTOR IN COST DIFFERENTIALS (A POINT UK REPS DID NOT REFUTE) AND THAT ANY SYSTEM IN WHICH STAGE LENGTH WAS A FACTOR IN CHARGING WAS BOUND TO BE ARBITRARY, IMPACT INEQUITABLY ON USERS, AND THEREFORE DISCRIMINATORY. WE CITED MIAMI-LONDON EXAMPLE. UK REPS DID

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NOT ADMIT THAT THIS ASPECT OF THEIR SYSTEM WAS DISCRIMINA-

TORY, BUT THEY AVOIDED REHASHING LEGAL ARGUMENTS, AS DID WE. THEIR BASIC ARGUMENT WAS THAT SYSTEM WAS MORE EQUITABLE THAN EARLIER APPROACHES, AND THAT CHANGES CONTEMPLATED FOR NEXT YEAR WERE AS GOOD AN APPROACH AS COULD NOW BE DEvised.

3. WE ALSO CHALLENGED PASSENGER CHARGES. WHILE WE ACCEPTED PEAK PRICING IN PRINCIPLE, UK SYSTEM DID NOT APPEAR TO BASE THESE CHARGES ON HIGHER COSTS DURING PEAK HOURS BUT ON PROVIDING AN INCENTIVE (ZERO CHARGE) TO OPERATE DURING OFF PEAK HOURS. US AIRLINES HAD ONLY LIMITED ABILITY TO USE OFF PEAK HOURS. THUS, ECONOMIC BURDEN APPEARED FALL INEQUITABLY ON US AIRLINES. UK REPS ACKNOWLEDGED THIS, BUT BELIEVED INCENTIVE ORICING WAS SOUND ECONOMIC PRINCIPLE.

4. AT END, WE ASKED UKDEL TO RECONSIDER STAGE LENGTH APPROACH AND DEVELOP AN ALTERNATIVE APPROACH FOR APPLICATION APRIL 1 NEXT YEAR. WHILE AVOIDING A THREAT, WE

SEE SOLUTION THROUGH CHANGES MADE BY UK. UKDEL SAID VIEWS WE HAD EXPRESSED ON THIS ASPECT WERE NOTED, BUT NO PROMISES COULD BE MADE. BAA REPS AS MUCH AS SAID THAT NO FURTHER CHANGE COULD BE MADE BY APRIL 1, BUT UK DOT CHAIRMAN WAS A LITTLE MORE FORTHCOMING IN SAYING UK OBJECTIVE WAS TO RELATE CHARGES TO COSTS, RATHER THAN ON ABILITY TO PAY OR TO PROVIDE DISINCENTIVES. USDEL CHAIRMAN PRIVATELY ENCOURAGED UK DOT CHAIRMAN TO PRESS BAA TO AMELIORATE IMPACT OF STAGE LENGTH FACTOR AS MUCH AS POSSIBLE FOR NEXT YEAR IN ORDER THAT PROGRESS COULD CONTINUE AND A CONFRONTATION AVOIDED.

5. WE ALSO ASKED UK TO GIVE US DATA ON EXTENT TO WHICH PASSENGER CHARGE AND RUNWAY CHARGE DIFFERENTIALS WERE BASED ON COST DIFFERENTIALS. THEY PROMISED GIVE US WHAT THEY COULD BUT WERE UNSURE THIS COULD BE DONE BY OCT. 18 AS WE REQUESTED.

6. LASTLY, WE ENCOURAGED BAA TO CONSULT WITH AIRLINES TO MAXIMUM DEGREE POSSIBLE.
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